

# It's Your Business

July 2010

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### USDA Rural Development

### SBA Guaranteed Loan Programs

### FREE

### Information Session

July 8

Southeast

Community College

285 So. 68th St., Pl.

Room 214

Lincoln

Register by calling

(402) 221-7211

or by [e-mail](#).

Helping small businesses  
[start](#), [grow](#) and [succeed](#).



Your Small Business Resource

## NEDCO named nation's top CDC

Small business lender Nebraska Economic Development Corp. received honors in Washington D.C. from the U.S. Small Business Administration (SBA). NEDCO President Scott Sailors was presented with the Large 504 Lender of the Year award during 2010 National Small Business Week.

Sailors received the award on behalf of NEDCO at a Monday breakfast session that featured a keynote speech delivered by SBA Administrator Karen G. Mills. She said that while portfolio performance played a significant role in the recognition, the lenders' continued support of small business during challenging economic times was a major consideration.

"Lenders, venture capitalists are essential partners of both small businesses and the SBA," Mills said. "By (see *NEDCO*, page 3)



U.S. Small Business Administration Administrator Karen G. Mills (left) poses with Nebraska Economic Development Corp. President Scott Sailors during National Small Business Week in Washington D.C., Monday, May 24, 2010. Sailors accepted a national award on behalf of NEDCO recognizing the company's work in support of Nebraska small businesses.

## LINCOLN'S COMMUNITY DEVELOPMENT RESOURCES ANNOUNCES START OF 504 LENDING OPERATIONS



(From left to right) Rick Wallace, executive director of CDR, Leon Milobar, district director of the Nebraska District Office and Jim Bishop, CDR board president, pose with a framed letter from the SBA certifying CDR as a 504 lender.

The U.S. Small Business Administration (SBA) introduced Community Development Resources (CDR), a non-profit firm in Lincoln, as a Certified Development Company (CDC) during an event at CDR's office June 9.

"We are proud to welcome CDR to our family of CDCs providing lending services to our local entrepreneurs, so small businesses can obtain the right financing at the right time to expand and succeed," said Leon Milobar, District Director for the Nebraska District Office of the SBA. "SBA applauds CDR for their expressed willingness to fund underserved businesses in the Nebraska ultimately to create jobs and improve our neighborhoods and towns."

The SBA's Certified Development  
(see *CDR*, page 2)

Don't miss this free workshop:

**"Experts Discuss:  
Learn About the  
Government As Your  
Customer"**

**Winning Federal Contracts  
for Your Small Business**

**July 15**

**8-10 a.m.**

SBA Nebraska District Office  
& SCORE

10675 Bedford Avenue, Suite  
100, Omaha

Speakers include  
representatives from:

- SBA Office of Government Contracting
- SBA Office of Business Opportunity
- NBDC Procurement Technical Assistance Center
- In cooperation with
- 55th Contracting Squadron, Offutt Air Force Base
- U.S. Army Corps of Engineers, Omaha District

To register, call:

Kathleen Piper (402) 221-7205 or Jan Allen (402) 221-7215

**Learn:** Is this market for you?  
An overview of selling to  
Local, State and Federal  
government

**What to do:** Registration on  
Central Contractor  
Registration.

**Where and how to find  
bidding opportunities on  
the Internet:** Learn about  
Federal Business  
Opportunities.

**U.S. Small Business  
Administration  
certifications:** HUBZone and  
8(a) Business Development.

Coffee provided.

## AN OPEN LETTER TO SMALL BUSINESSES

Dear Small Business Owner,

For decades, access to affordable health insurance has been the number-one concern of small business owners. To help you address that concern and provide quality, affordable coverage for your employees, the new Affordable Care Act gives you [a number of new tools and benefits](#).

The most immediate benefit you should know about is the tax credit to help you pay for up to 35 percent of your employee premiums starting this tax year. An estimated 4 million small businesses may qualify for these tax credits, totaling about \$40 billion over the next 10 years. [Go here to learn more about the tax credit](#), including new information that explains how this federal credit is in addition to state-level credits you might receive and how dental and vision coverage are also eligible for the federal credit.

The Affordable Care Act also included reporting requirements if you pay another business \$600 or more starting with 2013 filings. Small business groups have voiced concerns about the possible burden this places on people like you. That's why the IRS is already planning to exempt from this requirement your transactions that use credit and debit cards. Also, the IRS, SBA and others in the Administration are looking for additional ways to minimize burdens and avoid duplicative reporting. We welcome your comments and input as we move forward together to address implementation issues under the new law. Over the last 16 months, this Administration has taken steps to provide tax relief that put more money in the hands of small business owners like you – including write-offs for new equipment, credits for hiring unemployed workers and capital gains exclusions for small business investors. We know that sensible tax relief like this will help you grow your business, create new jobs, and continue drive America's economic recovery.

With warm regards,  
Karen Mills



## CDR READY TO TAKE OPERATIONS TO NEXT LEVEL WITH CDC ANNOUNCEMENT

(from CDR, page 1)

Company Program, working with the SBA and private-sector lenders, provides growing businesses with long-term, below-market fixed-rate financing for major assets, such as land and buildings or purchase equipment that has an economic life of at least 10 years. The program is designed to enable small businesses to buy their own buildings with a 10 percent down payment.

U.S. Sen. Mike Johanns, who, as mayor of Lincoln in late 1994, sent a letter of congratulations to Rick Wallace, the Executive Director of CDR. While as mayor of Lincoln, Johanns approached Wallace seeking an idea to help spur growth in the city. The result of that conversation -- the establishment of a non-profit economic development organization in Lincoln -- has benefited small businesses all over the city.

"Having witnessed your work in the Lincoln community for many years, I know how much you have helped, and undoubtedly continue to help, small businesses grow and prosper," Johanns wrote.

Wallace had the business know-how to help start-up businesses after years running a highway construction firm in Nebraska. With a mission to help others to start their own successful business, Wallace's organization, then known as the Self Employment Loan Fund (SELF), would make loans to small businesses, which would pay off those loans so the money in turn could finance further start-ups. In 2003, SELF became CDR.

"Our mission was to make a big impact with small amounts of money," said Wallace.

"CDR looks to create economic opportunity and to fortify small business to help them grow," said CDR board president Jim Bishop, who also serves as senior vice-president at Wells Fargo Bank. Pointing to the SBA staff members, representatives from the Nebraska Business Development Center and SCORE (Service Corps of Retired Executives) in the room, Bishop, a board member for the past six years, added, "to get where we are today wouldn't have been possible without the support from you."

As a CDC, Wallace said he will continue to partner with lenders, Chambers of Commerce and economic development associations across the state through online marketing and word-of-mouth to help promote CDR's ability now to offer loans under the 504 program. CDR already has a strong history of providing capital to more than 200 small businesses in the Lincoln area, creating more than 400 new jobs, many in economically-distressed areas of the city.

"To say that times are tough for small business is an understatement. Reduced credit, wary customers and longer payment cycles are all causing many small business owners to lose sleep. But the good news is that small business is the most likely group to start the recovery. It is their persistence, innovation and entrepreneurial mindset that will turn the economy around," Wallace said.

"We want to support small business during this period," he added, "and the 504 loan program is a great way to do that."

## COLLECTING OVERDUE ACCOUNTS SHOULD NOT FRUSTRATE SMALL BUSINESS OWNERS

All small business owners know that collection overdue accounts is especially difficult during a down economy. It's not the most pleasant part of being an entrepreneur, but not handling them expeditiously will almost certainly endanger your business's cash flow and long-term viability. The following are six simple steps that may make the collection process less stressful, and more effective.

Avoid late payments by your customers. Establish a standard policy for payment and make your customers aware of them before starting work. If you don't have a formal contract, have your customer sign your "Terms and Conditions." Do you require a full or partial payment upfront or will you offer payment terms such as Net 30? Clearly state any surcharges for late payments.

Loose credit terms can create bad debt. If you provide goods or services on credit, develop qualification standards that are specific, yet fair (e.g., a good credit history from a credit bureau or good bank references). Put your credit policy in writing and make sure all employees understand it. You should also have the policy posted in your store, or available as a handout.

Enforce your credit terms on all transactions. Your collections policy will do no good unless you enforce it. You'll be amazed what a phone call can do to encourage a timely payment. If you've met your obligation and a customer hasn't, you're entirely in the right.

Keep communications channels open.

Don't assume the customer is entirely wrong. Always stay in touch, and make sure they are satisfied with your product or service. If they become delinquent ask politely for an explanation. It may well be that the invoice has been lost or is awaiting approval. A customer with cash flow problems may request extra time. Based on your experience with the customer, you may feel confident enough to allow extra time or installment payments. Make sure you and the customer clearly understand any compromise.

Don't be afraid to take legal action. If your collection attempts fail, it may be time to turn to an attorney or collections firm. Your course of action will depend on the situation. You may decide the amount of the overdue account does not justify the cost and effort to collect. If so, write it off as a bad debt and move on.

Don't Make the Same Mistake Twice. Should customers with poor payment histories approach you about working with them or restoring credit, don't immediately refuse unless you are absolutely certain they remain bad risks. Determine if the situation has changed and decide whether it makes sense to restore the relationship. As a precaution, insist on stricter terms such as advance payment or cash-only.

The SBA has a number of resources available to advise business owners on the right course to take when establishing a collection policy. For more information, visit our local web site or call the SBA's Nebraska District Office at (402) 221-7211.

To date, there have been \$126 million in loans for Nebraska businesses this fiscal year. That's nearly \$3,000 per small business with employees, a figure which ranks our state sixth in the country.

Join other Omaha small businesses and area lenders at Omaha's **Small Business Empowerment Breakfast July 9** at the Regency Lodge, 909 South 107th Avenue, Omaha, from 7-8:30 a.m. The cost is \$14 per person, which includes a full buffet breakfast. [Please register in advance online](#), and make checks payable to Regency Lodge.

The Empowerment Breakfast is simple and effective. Each month, four businesses introduce their services and products in a three-minute presentation. If you wish to be a presenter, please call Barb Foster at 221-7212. During this event, everyone attending is introduced, so bring your business cards, make some contacts, and have some fun!

## NEDCO NAMED TOP LARGE 504 LENDER OF YEAR

(from NEDCO, page 1)

working together over the past year, we've supported over \$29 billion to small businesses, which has helped not only save but also create hundreds of thousands of jobs."

According to Sailors, NEDCO may not be one of the first companies Nebraskans think about when it comes to financing, but it is consistently the number one ranked Certified Development Corporation (CDC) in its region and among the top 30 nationally ranked CDCs. In lieu of flashy marketing campaigns, the company has instead focused on its SBA 504 loan program, which is presently assisting more than 400 new and expanding businesses throughout Nebraska. NEDCO has a \$150 million small business portfolio and has helped Nebraska businesses create more than 6,000 jobs in the state. "The job development was something President Obama congratulated us about when he addressed the award winners Monday at the White House," he said.

"We're proud of the impact our financial assistance has made right here in Nebraska and we're committed to making loans to all qualified applicants. This award recognizes that we're here to help entrepreneurs and business owners succeed in all four corners of the state. From manufacturing to professional services, motels, agricultural processing, retail and wholesale and more — we've provided financing for a diverse range of statewide economic development projects."

During his time in Washington D.C., Sailors met with Nebraska Senators Ben Nelson and Mike Johanns as well as Nebraska Congressman Jeff Fortenberry during meetings on Capitol Hill. Each expressed his gratitude for NEDCO's contribution to economic development in the state, noting the critical role of SBA loans in that process.

Sailors was accompanied to Washington D.C. by NEDCO Chairman Dennis Grams and Senior Vice President Ted Rowan.



Want to know more details on SBA loan programs and our resource partners? We offer a FREE podcast perfect for your laptop or to listen while tooling around town. [E-mail](#) your name and mailing address to the Nebraska District Office to get your free CD.

NEBRASKA'S SBA-BACKED LENDING EFFORT IN 2010 IS POISED TO SURPASS 2005 AS ITS BEST YEAR EVER.

ALREADY, THE STATE IS 74 PERCENT ABOVE THE NUMBER OF LOANS MADE AT THIS POINT IN TIME IN 2005, AND 111 PERCENT ABOVE THE AVERAGE LOAN AMOUNT MADE PER LOAN.

THE MARGIN BY WHICH NEBRASKA HAS TOPPED ITS RECORD YEAR IN AVERAGE LOAN AMOUNT TO DATE IS THE BEST IN THE NATION.

## CURVES WORKING OUT THANKS TO SBA LOAN

She lost 50 pounds, and liked the franchise where she shed the weight so much that she bought the place.

Alicia Berry started out making her way to the Curves location in rural McCook, Neb., to take advantage of the 30-minute low-impact cardio and strength circuit training and the state-of-the-art personal coaching system the nationwide chain offers to help her get into better shape.

Losing the weight did wonders for Berry's self-confidence and personal image; eventually after working for the health club for a couple of years, she decided to take the leap and run the place herself. Curves franchises its brand and methods to more than 10,000 franchises in 70 countries around the world, and offers training, mentors and on-going support services to individual club owners.

Setting the stage for the business purchase, the Nebraska District Office offered face-to-face training to commercial lenders at First Central Bank's Cambridge, Neb., location Jan. 20, 2009, on the SBA's programs, including Community Express loans. Lender Relations Specialists Deborah Wilson and Suzanne Stearman spent three hours with bankers from several of its branches, including Mark Searcey of McCook.

The location of the business in McCook is considered by the SBA to be an underserved or distressed tract. Wilson and Stearman explained to the bankers how to leverage the designation and eligibility for Community Express loans to help get needed capital to the local business.

Berry visited Searcey in December 2009 in search of funds to purchase the franchise, and Searcey turned to Stearman for help with the SBA loan process. Stearman discussed with the lender over the phone the rules on eligibility, available programs, terms, and the use of E-tran to file an application.

"The biggest thing was collateral," Searcey said of the bumps on the way to making Berry a



Berry at the McCook location.

Curves franchise owner. "There's a membership valuation, but not a lot of hard assets as far as real estate and equipment, which is why we turned to the SBA." The banker was motivated to keep a local business viable in McCook, a small town of 7,500 with a median household income well under the state average, but the bank also wanted to minimize its risk. "We thought it would be a good fit."

Berry was approved Feb. 2 for a \$70,000 loan under the SBA's Community Express program to buy the franchise, and Searcey was there March 15 for the ribbon-cutting ceremony for the new owner. The health club currently employs two-part-timers, and Berry is talking about expanding operating hours and adding another part-timer to the staff. But Berry isn't content with just running her own business – she often heads off to visit the local schools for presentations on fitness, and offers a weight loss program for anyone interested – not just those with a Curves membership card.

SBA business is booming at First Central Bank, too. Since the face-to-face training with Wilson and Stearman from the Nebraska District Office last January, the bank has gotten approval for four SBA loans for more than a half million dollars; in the previous seven years, the bank made only two token SBA loans.

## WHAT IS A COMMUNITY EXPRESS LOAN?

The SBA Community Express loan program is designed for small businesses located in economically disadvantaged communities.

Business located in Historically Underutilized Business Zones (HUBZones) and those communities identified as distressed through the Community Reinvestment Act (CRA) generally are eligible for a this type of loan.

The maximum loan amount for a Community Express loan is \$250,000, while the processing and interest rates follow standard 7(a) guidelines; this program also allows revolving loans up to seven years. Turnaround time usually is within 36 hours, and if filed through E-Tran, about 20 minutes. The lender primarily uses its own forms and procedures; plus SBA Form 1919 (Borrower Information). Lenders are not required to take collateral for loans up to \$25,000, and may use their existing collateral policy for loans from \$25,000 to \$250,000. The credit decision is made entirely by the lender.

Each lender looking to put an entrepreneur into a Community Express loan must ensure the borrower receives appropriate technical assistance, such as from SCORE and the NBDC and must document provision of assistance in the loan file.

## FIVE NINES HONORED AT DC, LINCOLN EVENTS

(Left, left to right) Five Nines' CEO Nick Bock, SBA Administrator Karen Mills and Five Nines' CIO James Bowen pose for a picture during their award ceremony in Washington, D.C., recognizing them as Nebraska's Small Business of the Year for 2010.

(Below) Nebraska District Office Director Leon Milobar (at podium) introduces Five Nines staff, including Bock (in white shirt to left) and Bowen (arms folded at far right) during the Lincoln Independent Business Association luncheon June 22.

From their two locations in Lincoln and Omaha, and with their 25-person team, Five Nines has successfully leveraged information technology resources to help more than 250 area companies reach their business objectives. An SBA-backed line of credit from Cornhusker Bank in December 2008 was crucial to drive



continued growth of a small business that has to date retained more than 95 percent of its clients. Five Nines enjoyed a 71 percent increase in revenues its first year before hitting 100 percent growth in 2008.

Over the past three years, Five Nines has grown three-fold.

### U.S. Small Business Administration 7(j) Management and Technical Assistance Program for Small Businesses

Aug. 3  
8:30 a.m.-5 p.m.  
DC Centre  
11830 Stonegate Drive  
Omaha

This workshop is designed to meet the needs of 7(j) eligible firms that want to gather as much information as possible in the shortest amount of time, then get back to work. The curriculum covers the key aspects of competitive proposal preparation seasoned with real world experience.

The topics include:

- Source Selection
- Proposal Preparation
- Key Documentation in a Competition
- Technical and Cost Proposals
- Request for Proposal (RFP) Structure
- The Proposal Review Process

[Register online](#)

## MARSH JOINS LENDER RELATIONS TEAM

The Nebraska District Office has hired Mike Marsh as a Lender Relations Specialist. Marsh serves as a point of contact for the SBA's loan programs and operational processes for lenders across the state, providing individual or group training to small business clients on general or in-depth issues, and offering lenders advice with SBA marketing, loan processing, and liquidation procedures.

Marsh, a native of Archer, Neb., graduated from the University of Nebraska at Lincoln with a B.S. in Agricultural Science with emphasis in business. Prior to joining the SBA, he worked for nine years as an Operations Specialist, Commercial Credit Analyst and Business Banker with FirstTier Bank, which later merged with US Bank. He continued his career as a business banker with Packers Bank which merged with Norwest, finally merging with Wells Fargo; and, spent 10 years with American National Bank as a Senior Credit Analyst as a small business underwriter, commercial credit analyst and SBA loan coordinator.





## CONGRATULATIONS TO OUR RECENT LOAN APPROVALS (MAY 22 TO JUNE 21 )

Date	MajPrg	SubProgram Text	Net Gross	Lender Name	Lender City	State
5/24/2010	7A	FA\$TRK (Small Loan Express)	200000	NORTHWEST BANK	SPENCER	IA
5/25/2010	7A	Rural Lender Advantage	250000	PINNACLE BANK	LINCOLN	NE
5/25/2010	7A	Guaranty	146000	FIRST STATE BANK	SCOTTSBLUFF	NE
5/25/2010	7A	Guaranty	162000	FIRST STATE BANK	SCOTTSBLUFF	NE
5/25/2010	7A	Community Express	15000	U.S. BANK NATIONAL ASSOCIATION	CINCINNATI	OH
5/26/2010	7A	Patriot Express	60000	PINNACLE BANK	LINCOLN	NE
5/26/2010	7A	Guaranty	199000	FIRST NATIONAL BANK	NORTH PLATTE	NE
5/26/2010	7A	Guaranty	232000	FIRST NATIONAL BANK	NORTH PLATTE	NE
5/26/2010	7A	Rural Lender Advantage	89900	PLATTE VALLEY ST. BK & TR CO	KEARNEY	NE
5/26/2010	7A	Guaranty	150000	MUTUAL OF OMAHA BANK	OMAHA	NE
5/27/2010	7A	FA\$TRK (Small Loan Express)	262400	FIRST STATE BANK	LINCOLN	NE
5/27/2010	7A	Guaranty	162000	EQUITABLE BANK	GRAND ISLAND	NE
5/27/2010	7A	Guaranty	161800	PLATTE VALLEY ST. BK & TR CO	KEARNEY	NE
5/27/2010	7A	Guaranty	300900	PLATTE VALLEY ST. BK & TR CO	KEARNEY	NE
5/27/2010	504	Sec. 504 - Loan Guarantees - Private Sector Financed	188000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	NE
5/28/2010	7A	Guaranty	585000	FIRST COMMUNITY BANK	SIDNEY	IA
5/28/2010	7A	FA\$TRK (Small Loan Express)	40000	FIRST NATIONAL BANK	NORTH PLATTE	NE
5/28/2010	7A	FA\$TRK (Small Loan Express)	75000	FIRST NATIONAL BANK	NORTH PLATTE	NE
5/28/2010	7A	Guaranty	975000	BANK OF BENNINGTON	BENNINGTON	NE
5/28/2010	7A	Guaranty	250000	BANK OF BENNINGTON	BENNINGTON	NE
5/30/2010	7A	FA\$TRK (Small Loan Express)	83000	FIRST NATIONAL BANK	NORTH PLATTE	NE
5/30/2010	7A	Rural Lender Advantage	140000	GENEVA STATE BANK	GENEVA	NE
6/3/2010	7A	Community Express	120000	UNION BANK AND TRUST COMPANY	LINCOLN	NE
6/3/2010	7A	Community Express	30000	UNION BANK AND TRUST COMPANY	LINCOLN	NE
6/3/2010	7A	Guaranty	370000	ADAMS BANK & TRUST	OGALLALA	NE
6/3/2010	504	Sec. 504 - Loan Guarantees - Private Sector Financed	415000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	NE
6/4/2010	7A	Guaranty	255000	AMERICAN NATIONAL BANK	OMAHA	NE
6/7/2010	7A	FA\$TRK (Small Loan Express)	25000	PLATTE VALLEY ST. BK & TR CO	KEARNEY	NE
6/9/2010	7A	Guaranty	270000	GREAT WESTERN BANK	OMAHA	NE
6/9/2010	7A	FA\$TRK (Small Loan Express)	35000	CORNHUSKER BANK	LINCOLN	NE
6/10/2010	7A	Guaranty	350000	GREAT WESTERN BANK	OMAHA	NE
6/10/2010	7A	Guaranty	35000	UMB BANK, N.A.	KANSAS CITY	MO
6/10/2010	7A	FA\$TRK (Small Loan Express)	10000	UMB BANK, N.A.	KANSAS CITY	MO
6/10/2010	7A	Guaranty	250500	FIRST NATIONAL BANK OF OMAHA	OMAHA	NE
6/11/2010	7A	Guaranty	188000	VALLEY BANK AND TRUST COMPANY	SCOTTSBLUFF	NE
6/14/2010	504	Sec. 504 - Loan Guarantees - Private Sector Financed	645000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	NE
6/15/2010	504	Sec. 504 - Loan Guarantees - Private Sector Financed	393000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	NE
6/15/2010	7A	FA\$TRK (Small Loan Express)	177900	FRONTIER BANK	MADISON	NE
6/16/2010	ARC	506 - ARC GUAR LOANS	35000	PINNACLE BANK	LINCOLN	NE
6/17/2010	504	Sec. 504 - Loan Guarantees - Private Sector Financed	373000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	NE
6/18/2010	7A	FA\$TRK (Small Loan Express)	75000	AMERICAN NATIONAL BANK	OMAHA	NE